

April 7, 1975

SENATOR BARNETT: Right.

PRESIDENT: Excuse me.

SENATOR BARNETT: Mr. President, members of the Legislature, LB 502, I didn't bring the file up on it to discuss it today because I figured if we were going to discuss the bill, it would be better to discuss it in a proper manner. If you could look in your books to LB 502, all it is is a bill to pay interest on escrow accounts. Now there was an article in this morning's Star that might have gone along with this, if you'd had time to read it and it explains some of the problems there is in people that have escrow accounts for homes, for businesses and the banks and the loaning institutions are not paying interest on these escrow accounts. I don't know how far to go in this except to tell you that there was two citizens that appeared with me and this is one of the issues that my constituents have had an interest in ever since I have been in office and I am sure that a lot of you people have been requested by your constituents to find out why they don't receive interest on escrow. This bill has two sections that was heard by the Banking Committee. The first section says that if a savings and loan bank or whatever, a lending institution would like to have some method of escrow, they would allow the person borrowing to have an escrow account somewhere else where they could possibly be paid interest on their money while it is setting in some other lending institution. The second section says that whenever a lending institution requires that you have escrow, then they also must pay interest on that escrow. The third section of the bill says that a borrower does not have to have escrow if they have sufficient demonstration of personal financial responsibility. I would hope that this body, irregardless of the action taken by five members of the Banking Committee, that we bring this bill to the floor and give it the proper discussion that it needs and, therefore, I would make the motion that we bring LB 502 to General File notwithstanding the action of the committee.

PRESIDENT: Senator Kelly.

SENATOR KELLY: Mr. President, are we going to do any discussing at this time or are we just going to vote or what will be our procedure?

PRESIDENT: Well, it is open for debate, Senator.

SENATOR KELLY: Mr. President, members of the Legislature, I'd like to make a very short statement and ask Senator Barnett to comment to me. Would you, please? I have long felt that personal property, such as money, which goes into an escrow account, any rewards from that capital or that money should go to the owner of that money. I feel very strongly in that area and I believe your 502 is addressing this problem. I, also, however, feel just as strongly that businesses that are performing services need fees and incomes to cover the services that they are rendering. Now, let me put it in the form of a question. Does this bill return the interest earned on capital to the owner of that capital? Does this bill allow those businesses performing services to recapture the cost of those services in fees or other charges?